

# **King County Quarterly Economic Measures Second Quarter, 2001**

## Executive Summary

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# **King County Quarterly Economic Measures**

## **Second Quarter, 2001**

### **Executive Summary**

As part of its year 2001 special programs contract with the Office of Regional Policy and Planning, the Central Puget Sound Economic Development District (EDD) produces quarterly reports on national and county economic measures. This document is an executive summary attached to a series of tables. Anyone desiring hard copies of the full 25-page report should contact Ray Moser, Manager, Economic Development Program, in King County's Office of Regional Policy and Planning. He can be reached at 205-0707.

#### **The Nation**

##### **U.S. Economic Measures**

Despite overall resiliency, the weakness in the U.S. economy is now apparent, with the possibility of recession more likely. However, with GDP growth still barely in positive territory (both inflation-adjusted and seasonally-adjusted dollars), this quarter marked the tenth consecutive year of economic growth, the longest expansion on record. These GDP figures are based on more complete data sources than those figures announced one month ago. In advance estimates, the growth in real GDP was estimated at 0.7%, while the new estimate is 0.2%. Also, more recent data has final estimates for fourth quarter 2000 revised downward to a 1.3% annual rate.

Business investment, which fueled much of the record growth in GDP last year, declined for the second straight quarter. Spending on equipment and software fell by 15.1% in the first quarter of 2001 following a 2.1% decline in the final months of last year.

Inflation remains subdued, despite the run up in the prices for oil and electricity. The GDP deflator accelerated slightly in the first quarter, growing at an annual rate of 2.2% compared with 3.3% last quarter. Restrained by slower demand, the consumer price index advanced at a 4.0% annual rate in the first quarter of 2001, compared with a 5.6% pace in the same quarter one year earlier.

In the second quarter of 2001, the Federal Reserve again moved aggressively by lowering interest rates on three separate occasions. Each time, the Fed reduced the federal funds rate by half a percentage point, from 5.0% at the start of the year to 3.75% by the end of the second quarter of 2001. Although interest rates are at their lowest level since August 1999, further rate cuts are anticipated. Meanwhile, the Federal Reserve carefully watches both inventory and new investment numbers for signs of new life.

Government may be a beneficiary of the fall in short-term bond rates. However, this is offset by an increasingly upward sloping yield curve, because long-term rates remain unchanged and weaker tax revenue forecasts.

Mortgage rates were also largely unaffected by cuts in short-term interest rates throughout the quarter. According to Freddie Mac, average rates for a fixed rate 30-year mortgage hovered just above 7.0% in the second quarter, down from last year's peak of 8.64%.

### **Industrial/Manufacturing Measures**

The current economic downturn is most evident in the manufacturing sector. In the second quarter of 2001, investment in producers' durable equipment (equipment and software) declined by \$43.7 billion, following a revised \$11.6 billion drop in the first quarter of this year. Nonfarm inventories fell by \$37.8 billion, the second straight decline in inventories.

New orders for manufactured goods in the first quarter of 2001 were down 7.0% in the second quarter, following a 4% decline last quarter. Weaker demand was evident in all major industrial sectors. Orders for non-defense capital goods, excluding aircraft, a measure of business investment, have declined steadily.

After rising slightly in March, total industrial production resumed its decline at an annual rate of 3.7%, the biggest rate of quarterly decline since the first quarter of 1991. The last time output fell for two straight quarters was during the last recession some ten years ago. The rate of capacity utilization also fell in June to 77.0% but remains at a level more than 2.5 percentage points below its 1967-2000 average. The March increase ended a string of seven months of decline.

Of these numbers, the most significant are decreased inventory levels and the continued decline in capacity utilization (from 79.5% to 77.6%). Economists hope to see an increase in utilization to a level above 80% as a sign that recovery is in progress. However, it appears to be too early to know if inventories have reached their appropriate levels to signal that the adjustment is finished.

### **Income Measures**

Personal income increased at an average monthly rate of one-half a percentage point, demonstrating less volatility than in 2000. Income growth has remained remarkably steady over a period otherwise characterized by falling business investment and rising unemployment. Per capita disposable income rose 1.7% over the previous twelve months to \$24,203. Personal consumption expenditures increased 2.5 % in the second quarter (off from 3.0% in the first quarter), while corporate profits decreased 28.5 billion in real dollars (one-half of the decrease that occurred during the first quarter).

## **The Region**

### **Economic Activity**

In the western United States, overall prices increased 1.1% compared to 1.1% in the second quarter of 2001. In the Seattle CMSA, consumer prices jumped 1.25% from December to February. Rising housing costs provided the strongest upward pressure on the regional consumer price indexes. The number of bankruptcies recorded in King County continued its upward trend, up 23.6% in the second quarter over the same quarter one year earlier. (This is compared to 18% in the first quarter). New business starts are down by 34% from last year. The number of air passengers recorded at SeaTac rose in its seasonal pattern from the first quarter; it is also slightly above last year's totals. Air cargo traffic continues down by an average of 2.5%. At the Port of Seattle, water-borne freight traffic also continued its decline by almost 20% from last year's average.

### **Convention Information**

The completion of Seattle's expanded convention center in mid-July, and an increase in the number of cruise ship departures from the Port of Seattle are expected to result in strong growth in the tourism sector in the latter half of the year. Meanwhile, convention activity is up another 7.5%, with a positive impact on local taxes, but overall occupancy remains at the 2000 levels.

### **Taxable Retail Sales**<sup>1</sup>

Taxable retail sales in King County grew 1.4% overall in the first quarter of 2001 compared to the same period one year earlier. Once again, construction grew most rapidly at 12.8%. Services (5.5%), manufacturing (5.3%), and finance, insurance and real estate (15.1%) all experienced above average gains. Retail trade, which accounts for more than forty percent of overall sales, was outpaced by growth of total sales and fell slightly 1.5%. Wholesale trade continued to experience real decline, down 10.1%. In the city of Seattle, taxable retail sales fell 0.2% overall. Finance, insurance and real estate experienced the greatest gains at 19.8%. Services grew by 3.1%. Computer services have fallen steadily their 1999 peak levels. Construction (6.6%), retail trade fell (-2.5%), and manufacturing (-2.6%) all grew at a slightly slower pace. Transportation, communications and utilities (10.4%) and wholesale trade (-14.0%) both declined in the fourth quarter of 2000.

### **Employment**

Evidence of the current economic slowdown began to be seen in the employment figures for the first time in the first quarter of 2001, when national unemployment rose to 4.6% and state unemployment reached 6.1%. In the United States as a whole, during the second quarter, the unemployment rate fell slightly to 4.5%. The Washington State rate fell to 5.6%. In King County, the percentage of the labor force unemployed grew to 4.4% after remaining at slightly more than 3.0% for the past year. Countywide, average monthly initial unemployment claims in the first quarter of 2001 were up 26% from the first quarter 2000, while the number of unemployment beneficiaries rose 32%.

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<sup>1</sup> Taxable retail sales data lag by three to six months.

In the Seattle metro area, the number of nonagricultural wage and salary workers grew by 2.9% in the first quarter of 2001. Minor gains were evident in the following sectors: goods producing, construction, trade, and government, with the largest increase in numbers of jobs coming in the services and services producing sectors.

### **Job Dislocation Activity**

Through the first six months of 2001, reductions by dot-com companies as well as outright firm closures dominated the job dislocation statistics.. Amazon.com laid off nearly 800 employees locally when it consolidated its customer service and support functions. Similar reductions occurred at Convergys (350), Ticketmaster (270), eFunds Corporation (240), DMC Stratex Networks (229), and Webvan Group Inc. (189).

### **Boeing and Airline Industry Data**

The number of Boeing workers in Washington State rose slightly in the second quarter of 2001 to 79,500. The increase was overshadowed by the sudden announcement by Boeing in March that it planned to move its headquarters operations out of the region by the end of the summer. With the number of jobs lost only a relatively modest 500, the impact on the local economy is expected to be more symbolic than actual. Boeing insisted that it has no plans to reduce the size of its local manufacturing workforce. Currently, the outlook for Boeing remains positive. Contractual backlogs in the commercial airplane division were up 12.7% in the second quarter of 2001 over the same period one-year earlier. Total backlogs rose 15%.

### **Wages**<sup>2</sup>

Average monthly wages in King County fell by 28.3% overall from the third quarter 2000 to third quarter 1999. The monthly average wage in FIRE, which was the highest of any sector, increased by 24.8%. Wages in retail grew fastest, at 115%. The only sectors that showed a decline in the monthly average wage in the third quarter of 2000 included Services (-45%), Wholesale (-35%), Manufacturing (-8.2%), and Mining (-5.7%).

### **Real Estate**

#### **Construction**

Sales of new and existing homes in King County in the second quarter of 2001 decreased by 11.4% over the same period last year. Average number of days on the market increased slightly, and prices have begun to decline. The average sales price for new and existing homes was down 1.0%; the median sales price grew by 1.0%.

In the City of Seattle, the number of commercial and industrial permits issued in the second quarter of 2001 rose by 4.9% following a 2.0% decline in the first quarter of 2001. The number of residential permits issued for existing units increased 8.0%, while those for new construction decreased by 4.6%.

#### **Office Market**

According to CB Richard Ellis, the vacancy rate in Seattle jumped to 9.6% in the first quarter of 2001, up from 6.0% the previous quarter, as the tech sector returned space to

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<sup>2</sup> Average monthly wage data for King County lags by as much as one year.

the market. On the Eastside, the vacancy rate rose to 9.3% from 5.1%. Cushman and Wakefield estimated that sublease vacancies accounted for half of the total vacancy rate in both of these major sub-markets. More than 1.9 million square feet of new office space was absorbed region-wide in the first three months of the year, due to extensive pre-leasing. Average class "A" lease rates reflected this increasing supply, falling in both Seattle and on the Eastside. The expansion of the sublease market has made many developers cautious, with a number of projects on hold for now. Approximately 4.5 million square feet of new office space remains under construction throughout the Puget Sound region. Seattle alone has more than 2 million square feet under construction, about 80% of which has been pre-leased.

#### Industrial Market

In the industrial market, demand appears to have peaked. Vacancy rates across the region fell moderately to 3.8% from 4.5% last quarter. The Kent Valley and Eastside sub-markets continued to experience slight increases. Net absorption in the region as a whole increased slightly, with only 190,000 square feet added compared with 150,000 square feet in the previous quarter. Average asking lease rates were unchanged across all markets.

#### Retail Market

Vacancy rates for retail space, already at low levels rose slightly in the first half of 2001, with overall rates rising to 2.8% in the first half of the year. Due to the tight market, average asking lease rates rose just over \$2.00 per square foot region-wide. Net absorption is down, while an additional 1.4 million square feet is currently under construction, nearly half of it on the Eastside.

#### Apartment Market

Sales and average price per unit region-wide declined slightly in the second half of the year, largely due to a slowdown in sales on the Eastside where average price per unit is highest, and there has been a move toward lower-priced units in south King County. Despite these changes, overall vacancy rates in the Puget Sound region remain unchanged in the first half of 2001, holding at 3.8%. As a result, overall demand appears strong, and average rents continue to inch upward at a rate of 2.1% in the past six months. Downtown Seattle experienced the highest rate of increase in rents at 7.6%, while rents on the Eastside rose 4.5% on average.

## OUTPUT and INFLATION

|  | 2000      |           |            |            | 2001        |
|--|-----------|-----------|------------|------------|-------------|
|  | II        | III       | IV         | I          | II          |
| <b>Real GDP</b>                              | \$9,229.4 | \$9,260.1 | \$9,303.9  | \$9,334.5  | \$9,338.4   |
| <b>GDP growth</b>                            | \$37.6    | \$30.7    | \$43.8     | \$30.6     | \$3.90      |
| <b>% change in GDP from previous quarter</b> | 0.4%      | 0.3%      | 0.5%       | 0.3%       | 0.04%       |
| <b>Annualized growth rate</b>                | 1.6%      | 1.3%      | 1.9%       | 1.3%       | 0.02%       |
| <b>Current-dollar GDP</b>                    | \$9,857.6 | \$9,937.5 | \$10,027.9 | \$10,141.7 | \$10,201.60 |
| <b>GDP growth</b>                            | \$104.9   | \$79.9    | \$90.4     | \$113.8    | \$59.90     |
| <b>% change in GDP from previous quarter</b> | 1.1%      | 0.8%      | 0.9%       | 1.1%       | 0.6%        |
| <b>Annualized growth rate</b>                | 4.4%      | 3.3%      | 3.7%       | 4.6%       | 2.4%        |
| <b>GDP Implicit Price Deflator</b>           | 106.8     | 107.3     | 107.8      | 108.6      | 109.2       |
| <b>Annualized growth rate</b>                | 2.7%      | 1.9%      | 1.7%       | 3.3%       | 2.2%        |
| <b>Consumer Price Index</b>                  | 171.6     | 173.0     | 174.2      | 176.1      | 177.5       |

## INTEREST RATES

|  | 2000 |      |      |      | 2001 |
|--|------|------|------|------|------|
|  | II   | III  | IV   | I    | II   |
| <b>1 yr T-Bill</b>                           | 5.86 | 5.80 | 5.63 | 4.42 | 3.59 |
| <b>3 yr T-Bond</b>                           | 6.56 | 6.16 | 5.63 | 4.64 | 4.43 |
| <b>10 yr T-Bond</b>                          | 6.18 | 5.89 | 5.57 | 5.05 | 5.27 |
| <b>30 yr T-Bond</b>                          | 5.98 | 5.80 | 5.69 | 5.44 | 5.70 |
| <b>Discount Rate</b>                         | 5.74 | 6.00 | 6.00 | 5.11 | 3.83 |
| <b>Federal Funds Rate</b>                    | 6.27 | 6.52 | 6.47 | 5.59 | 4.33 |
| <b>Prime Rate</b>                            | 9.25 | 9.50 | 9.50 | 8.62 | 7.34 |
| <b>Average Mortgage Rate : United States</b> | 7.56 | 7.52 | 7.47 | 7.11 | 7.10 |
| <b>30-Year Fixed Rate</b>                    | 8.32 | 8.03 | 7.64 | 7.01 | 7.12 |
| <b>Average Mortgage Rate : Seattle</b>       | 7.58 | 7.67 | 7.55 | 7.06 | 7.08 |

### NOTES:

GDP figures for first quarter 2001 are preliminary estimates, released August 29, 2001. Other GDP figures are revised.

Real GDP: Gross Domestic Product in (U.S. billions) 1996 dollars. GDP Price Deflator: 1996 =100.

CPI: 1982-1984=100. Price index covers all urban consumers. Quarterly CPI and Interest Rates: 3 month average.

New Home Mortgage Yield: U.S. monthly average, not seasonally adjusted. Represents effective rate on conventional loans closed by major lenders. Rate is for newly-built homes. Effective interest rate is equal to the contract interest rate plus fees and charges amortized over a ten year period. Quarterly rates calculated as three month average.

Average Mortgage Rate: Ave. effective rate on conventional loans with approx. term to maturity of 30 years. Data is for the Seattle Consolidated Metropolitan Statistical Area (CMSA), including Kitsap, Thurston, Island, King, Snohomish, and Pierce.

### SOURCES:

GDP figures from the Bureau of Economic Analysis national accounts data (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

CPI calculated by the Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

National Interest Rates from the Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/H15/>).

Mortgage rates from the Federal Housing Finance Board's Monthly Interest Rate Survey (<http://www.fhfb.gov/mirs.htm>).

## INDUSTRIAL MEASURES

|   | 2000    |         |         | 2001    |         |
|---|---------|---------|---------|---------|---------|
|   | II      | III     | IV      | I       | II      |
| <b>Producers' Durable Equipment</b>     | 1,089.6 | 1,102.3 | 1,099.3 | 1,087.7 | 1,044.0 |
| <b>Changes in Non-Farm Inventories</b>  | 72.3    | 67.4    | 50.5    | -13.1   | -37.8   |
| <b>Manufacturers' New Orders</b>        | 1,166.4 | 1,144.0 | 1,130.6 | 1,098.7 | 1,023.9 |
| <b>Non-Defense Capital Goods Orders</b> | 193.3   | 195.8   | 195.9   | 183.6   | 189.7   |
| <b>Industrial Production</b>            | 147.1   | 148.4   | 148.0   | 146.3   | 143.4   |
| <b>Capacity Utilization Rate</b>        | 82.6    | 82.4    | 81.3    | 79.5    | 77.6    |
| <b>Manufacturing</b>                    | 81.9    | 81.7    | 80.3    | 78.3    | 76.2    |

### NOTES:

These figures measure industrial activity for the entire U.S. economy.

Producers' Durable Equipment and Changes in Non-Farm Inventories in billions of 1996 dollars, seasonally adjusted. All figures revised retroactive to first quarter 1997. Figures for second quarter 2001 are preliminary estimates, released August 27, 2001.

Manufacturers' New Orders and Non-Defense Capital Goods Orders in billions of current dollars, seasonally adjusted. Figures for fourth quarter 2000 have been revised; figures for first quarter 2001 are preliminary estimates, released May 2, 2001.

Industrial Production: 1992 = 100, seasonally adjusted. Quarterly figures are 3 month average.

Capacity Utilization Rate for all industries includes manufacturing, mining, and utilities.

### SOURCES:

Producers' Durable Equipment and Changes in Non-Farm Inventories: Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/dn/nipbtbl-d.htm>).

Manufacturers' New Orders and Non-Defense Capital Goods Orders: Census Bureau (<http://www.census.gov/indicator/www/table5p.txt>).

Industrial Production and Capacity Utilization Rate: Federal Reserve Statistical Release (<http://www.bog.frb.fed.us/releases/g17/Current/>).



## Regional Economic Indicators

|   | 2000      |           |           | 2001      |           |
|---|-----------|-----------|-----------|-----------|-----------|
|   | II        | III       | IV        | I         | II        |
| <b>Consumer Price Index: Western U.S.</b>       | 174.0     | 175.9     | 177.2     | 179.2     | 181.2     |
| <b>Consumer Price Index: Seattle CMSA</b>       | 178.4     | 180.3     | 181.8     | 184.0     | 186.3     |
| <b>Port of Seattle</b>                          |           |           |           |           |           |
| <b>Air freight (metric tons)</b>                | 77,300    | 81,146    | 82,299    | 72,740    | 75,387    |
| <b>Water-borne freight (TEUs)</b>               | 388,330   | 389,141   | 374,792   | 326,910   | 319,414   |
| <b>Air Passengers</b>                           | 7,363,472 | 8,293,678 | 6,661,004 | 6,031,490 | 7,390,108 |
| <b>Bankruptcies: Puget Sound Region</b>         | 3,991     | 3,773     | 3,742     | 4,574     | 4,932     |
| <b>Bankruptcies: King County</b>                | 1,664     | 1,559     | 1,529     | 1,795     | 2,037     |
| <b>New Business Starts: City of Seattle</b>     | 3,153     | 1,195     | 1,512     | 2,525     | 2,076     |
| <b>Electrical Energy Usage: City of Seattle</b> | 2,243,751 | 2,101,751 | 2,402,505 | 2,630,587 | 1,975,764 |

### NOTES:

CPI –U: Covers all urban consumers. 1982-1984 = 100. Data for selected local areas available on a bimonthly basis since 1998.

New Business Starts consist of the total new business license accounts for the quarter.

Electrical Energy Usage in thousands of kilowatts billed.

### SOURCES:

CPI: Bureau of Labor Statistics (<http://stats.bls.gov/cpihome.htm>).

Waterborne Freight and Air Traffic: Port of Seattle (<http://www.portseattle.org>).

Bankruptcies: U.S. Bankruptcy Court.

New Business Starts: Seattle Department of Licensing.

Electrical Energy Usage: Seattle City Light.

## Convention Information: King County

|                              | 2000        |             |             | 2001        |             |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
|                              | II          | III         | IV          | I           | II          |
| <b># Conventions/Events</b>  | 151         | 164         | 139         | 143         | 164         |
| <b># Room Nights</b>         | 161,175     | 149,201     | 144,284     | 160,491     | 172,327     |
| <b>Room Nights per Event</b> | 1,067       | 910         | 1,038       | 1,122       | 1,051       |
|                              | 2000        |             |             | 2001        |             |
|                              | I           | II          | III         | IV          | II          |
| <b>Local Room Tax</b>        | \$2,765,116 | \$3,459,408 | \$4,558,801 | \$3,156,123 | \$3,256,012 |
| <b>Room Tax per Event</b>    | \$17,501    | \$22,910    | \$27,798    | \$22,706    | \$19,854    |

### NOTES:

The figures for number of conventions and number of room nights are for all events booked at the convention center and area hotels. "Local Room Tax" includes Washington State hotel/motel tax distributions to Seattle-King County, exclusive of taxes collected in Bellevue. This is used as a proxy for delegate expenses. Quarterly figures indicate the months when room taxes were collected, not distributed, since distribution occurs two months after collection. For example, hotel/motel distributions for June reflect collections made in April.

### SOURCES:

Number of conventions/events and number of room nights: Seattle-King County Convention and Visitors Bureau

Hotel/Motel Tax Distributions: Washington State Department of Revenue

## Taxable Retail Sales

| INDUSTRY                       | SIC       | City of Seattle |                         |              | King County   |                           |              |
|--------------------------------|-----------|-----------------|-------------------------|--------------|---------------|---------------------------|--------------|
|                                |           | UNITS           | Q1 2001                 | CHANGE       | UNITS         | Q1 2001                   | CHANGE       |
|                                |           |                 | TAXABLE RETAIL SALES    | FROM Q1 2000 |               | TAXABLE RETAIL SALES (\$) | FROM Q1 2000 |
| <b>RETAIL TRADE</b>            | 52-59     | 6,424           | <b>1,234,701,174.00</b> | -2.5%        | 12,236        | <b>3,822,707,651</b>      | -1.5%        |
| BUILDING MATERIALS/HARDWARE    | 52        | 260             | 58,270,284.00           | -2.4%        | 525           | 220,532,726               | 1.2%         |
| Lumber/Bldg Material           | 521-522   | 113             | 34,750,879.00           | 6.4%         | 214           | 131,905,868               | 8.9%         |
| Paint, Glass, Wallpaper        | 523       | 40              | 5,144,255.00            | 18.0%        | 66            | 11,751,897                | 12.9%        |
| Hardware Stores                | 525       | 56              | 15,242,523.00           | -21.0%       | 131           | 60,943,960                | -12.8%       |
| Nurseries/Garden Supplies      | 526       | 51              | 3,132,627.00            | -7.6%        | 110           | 14,837,833                | -0.2%        |
| Mobile Home Dealers            | 527       |                 |                         |              | 4             | 1,093,168                 | -31.5%       |
| GENERAL MERCHANDISE            | 53        | 35              | 89,745,270.00           | 9.5%         | 74            | 401,693,509               | 5.3%         |
| Department Stores              | 531       | 10              | 67,985,418.00           | 10.3%        | 14            | 235,835,771               | 3.9%         |
| Variety Stores                 | 533       | 9               | 16,339,608.00           | 4.4%         | 24            | 125,755,610               | 3.5%         |
| Other General Merchandise      |           | 16              | 5,420,244.00            | 15.3%        | 36            | 40,102,128                | 22.2%        |
| FOOD                           | 54        | 487             | 116,818,876.00          | 5.7%         | 909           | 353,559,379               | 7.7%         |
| Grocery Stores                 | 541       | 348             | 110,916,370.00          | 6.4%         | 645           | 338,611,835               | 9.0%         |
| Fruit/Vegetable/Meat           | 542-543   | 19              | 413,998.00              | -46.9%       | 37            | 1,213,074                 | -26.6%       |
| Candy/Nut/Confectionery        | 544       | 11              | 333,394.00              | 81.8%        | 17            | 360,431                   | 54.6%        |
| Dairy Products                 | 545       | 6               | 136,892.00              | -18.9%       | 13            | 515,020                   | 17.1%        |
| Bakeries                       | 546       | 55              | 2,334,127.00            | -4.5%        | 98            | 3,848,121                 | -5.7%        |
| Other Food Stores              |           | 48              | 2,684,095.00            | -3.2%        | 99            | 9,010,898                 | -19.3%       |
| AUTO DEALERS/GAS STATIONS      | 55        | 376             | 207,813,735.00          | -16.9%       | 977           | 825,386,975               | -11.9%       |
| Auto Dealers (New/Used)        | 551-552   | 98              | 152,960,596.00          | -16.6%       | 323           | 672,966,938               | -13.3%       |
| Accessory Dealers              | 553       | 84              | 12,730,286.00           | -3.8%        | 198           | 48,985,402                | 5.0%         |
| Service Stations               | 554       | 101             | 11,734,433.00           | -8.6%        | 302           | 43,757,987                | -4.3%        |
| Marine/Aircraft, etc.          |           | 93              | 30,388,420.00           | -25.3%       | 154           | 59,676,648                | -12.2%       |
| APPAREL/ACCESSORIES            | 56        | 328             | 83,800,275.00           | 3.8%         | 565           | 224,338,145               | 5.5%         |
| Clothing                       | 561-565   | 208             | 69,318,033.00           | 0.9%         | 356           | 179,773,494               | 1.9%         |
| Shoes                          | 566       | 38              | 7,697,903.00            | 17.3%        | 63            | 20,195,480                | 12.9%        |
| Other Accessories              |           | 82              | 6,784,339.00            | 24.1%        | 146           | 24,369,171                | 32.6%        |
| FURNITURE/FURNISHINGS/EQUIP.   | 57        | 837             | 121,989,260.00          | -15.1%       | 1,491         | 506,371,669               | -8.9%        |
| Furniture                      | 571       | 323             | 43,827,486.00           | -11.0%       | 614           | 167,841,122               | -3.1%        |
| Appliances                     | 572       | 35              | 2,687,274.00            | -5.9%        | 83            | 25,199,498                | -16.2%       |
| Electronics/Music Stores       | 573       | 479             | 75,474,500.00           | -17.6%       | 794           | 313,331,049               | -11.1%       |
| EATING/DRINKING PLACES         | 58        | 1,752           | 265,499,476.00          | 2.6%         | 3,438         | 586,061,335               | 3.4%         |
| MISCELLANEOUS RETAIL STORES    | 59        | 2,349           | 290,763,998.00          | 3.3%         | 4,257         | 704,763,913               | 3.4%         |
| Drug Stores                    | 591       | 46              | 26,482,925.00           | 1.5%         | 96            | 70,600,145                | 3.5%         |
| Miscellaneous Retail Stores    | 594       | 551             | 96,353,974.00           | -3.7%        | 1,033         | 250,226,023               | -5.2%        |
| Nonstore Retailers             | 596       | 331             | 19,538,539.00           | -9.8%        | 586           | 57,269,478                | -10.0%       |
| Fuel/Ice                       | 598       | 24              | 21,800,287.00           | 2.1%         | 40            | 35,226,447                | 4.4%         |
| Other Retail Stores            |           | 1,397           | 126,588,273.00          | 12.7%        | 2,502         | 291,441,820               | 15.5%        |
| SERVICES                       | 70-89     | 5,097           | 559,696,011.00          | 3.1%         | 9,960         | 1,308,188,169             | 5.5%         |
| HOTELS/MOTELS, ETC.            | 70        | 114             | 86,696,011.00           | 14.0%        | 281           | 180,869,140               | 9.9%         |
| PERSONAL SERVICES              | 72        | 624             | 19,740,879.00           | -22.6%       | 1,456         | 50,473,339                | -8.4%        |
| BUSINESS SERVICES              | 73        | 2,052           | 231,455,990.00          | 4.2%         | 3,485         | 511,723,617               | 9.8%         |
| Computer Services              | 737       | 497             | 62,922,247.00           | -1.1%        | 825           | 172,529,848               | 20.8%        |
| AUTOMOTIVE REPAIR/SERVICES     | 75        | 650             | 103,338,188.00          | 0.7%         | 1,509         | 303,525,127               | 0.6%         |
| OTHER SERVICES                 |           | 1,657           | 118,168,160.00          | 1.4%         | 3,229         | 261,596,946               | 3.6%         |
| CONTRACTING                    | 15-17     | 4,928           | <b>617,181,899.00</b>   | 6.6%         | 8,807         | <b>1,586,945,376</b>      | 9.3%         |
| MANUFACTURING                  | 19-39     | 904             | <b>83,723,415.00</b>    | -2.6%        | 1,657         | <b>225,682,339</b>        | 5.3%         |
| TRANSPORTATION/COMM./UTILITIES | 40-49     | 459             | <b>222,817,202.00</b>   | 10.4%        | 691           | <b>511,508,659</b>        | 10.0%        |
| WHOLESALE                      | 50-51     | 2,521           | <b>349,410,994.00</b>   | -14.0%       | 4,205         | <b>986,046,113</b>        | -10.1%       |
| FINANCE/INSURANCE/REAL ESTATE  | 60-67     | 306             | <b>56,091,593.00</b>    | 19.8%        | 566           | <b>139,730,880</b>        | 15.1%        |
| OTHER BUSINESS                 | 0-14/90's | 778             | <b>18,286,069.00</b>    | 7.0%         | 1,544         | <b>71,490,945</b>         | 9.5%         |
| <b>TOTAL ALL INDUSTRIES</b>    |           | <b>21,417</b>   | <b>3,141,908,367.00</b> | -0.2%        | <b>39,666</b> | <b>8,652,300,129</b>      | 1.4%         |

### NOTES:

Quarterly taxable retail sales data released with a lag of up to 6 months. Units are number of businesses reporting taxable retail sales.

### SOURCE:

Taxable Retail Sales: *Quarterly Business Review*, Department of Revenue, Washington State (<http://www.dor.wa.gov>).

## Civilian Labor Force: King County

|                                  | 2000      |           |           |           | 2001      |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                  | II        | III       | IV        | I         | II        |
| Civilian Labor Force             | 1,032,433 | 1,031,933 | 1,042,367 | 1,049,067 | 1,042,867 |
| Employed                         | 999,800   | 996,300   | 1,007,833 | 1,006,500 | 996,867   |
| Unemployed                       | 32,667    | 35,600    | 34,567    | 42,533    | 46,000    |
| Unemployment Rate                | 3.2%      | 3.4%      | 3.3%      | 4.1%      | 4.4%      |
| Unemployment Rate: WA State      | 4.5%      | 4.6%      | 4.8%      | 6.1%      | 5.6%      |
| Unemployment Rate: United States | 3.9%      | 4.0%      | 3.7%      | 4.6%      | 4.5%      |

|                            | 1999   |        | 2000   |        |        |
|----------------------------|--------|--------|--------|--------|--------|
|                            | I      | II     | III    | IV     | I      |
| Initial UE Claims          | 7,105  | 4,913  | 5,117  | 6,036  | 9,382  |
| Unemployment Beneficiaries | 18,701 | 17,035 | 17,733 | 18,397 | 23,573 |

## Nonagricultural Employment: Seattle PMSA

|   | 2000      |           |           |           | 2001      |
|---|-----------|-----------|-----------|-----------|-----------|
|   | II        | III       | IV        | I         | II        |
| Non-Agricultural Employment               | 1,407,933 | 1,413,100 | 1,427,833 | 1,425,367 | 1,448,400 |
| Goods Producing                           | 284,467   | 289,267   | 284,133   | 280,933   | 283,867   |
| Services Producing                        | 1,123,533 | 1,123,833 | 1,143,700 | 1,144,433 | 1,164,533 |
| Mining                                    | 700       | 700       | 600       | 1,133     | 1,233     |
| Construction                              | 80,367    | 86,033    | 82,333    | 81,533    | 84,300    |
| Manufacturing                             | 203,333   | 202,533   | 201,200   | 198,267   | 198,333   |
| Durable Goods                             | 158,933   | 157,500   | 157,467   | 154,667   | 154,733   |
| Nondurable Goods                          | 44,400    | 45,033    | 43,733    | 43,600    | 43,600    |
| Transportation, Communications & Utilitie | 86,667    | 87,233    | 87,200    | 88,200    | 88,467    |
| Wholesale & Retail Trade                  | 336,167   | 341,033   | 347,633   | 336,033   | 341,600   |
| FIRE                                      | 84,633    | 84,967    | 85,300    | 84,667    | 86,233    |
| Services                                  | 422,100   | 427,800   | 430,933   | 441,967   | 452,033   |
| Government                                | 193,967   | 182,867   | 192,633   | 193,567   | 196,200   |

### NOTES:

Civilian Labor Force consists of workers who live in the region in question. (based on household survey).

Non-Agricultural Employment consists of workers who work in the region in question. (based on establishment survey).

Unemployment Rates are not seasonally adjusted.

Seattle PMSA includes King, Snohomish, and Island Counties. The proportion of annual average total employment represented by each is approximately 83%, 16%, and 1%, respectively. All quarterly figures are three-month averages.

**SOURCE:** *Washington State Labor Area Summaries*, Washington State Employment Security, Labor Market and Economic Analysis Branch.

**Seattle-King County Dislocation Activity**  
**January - July 2001**

| Company                         | Location               | Occupation   | No. of Workers           |
|---------------------------------|------------------------|--|--------------------------|
| Amazon.com                      | Seattle                | Distribution, customer service, sales & support    | 796                      |
| Convergys                       | Kirkland               | Computer technical support                         | 350                      |
| Ticketmaster, LLC               | Seattle                | Customer service, sales & support                  | 270                      |
| Spiegel Group (Eddie Bauer)     | Redmond                | Information services                               | 194                      |
| Verizon Wireless                | Bellevue               | Marketing, sales, finance, training & HR           | 174                      |
| HomeBase                        | Renton & Kirkland      | Retail sales                                       | 162                      |
| Lowestfare.com                  | Kent                   | Customer service, sales & support                  | 154                      |
| Derby Cycle                     | Kent                   | Bicycle manufacturing                              | 152                      |
| Fisher Mills                    | Seattle                | Flour milling                                      | 108                      |
| Mercata                         | Bellevue               | Software, finance, marketing & administration      | 107                      |
| Atomfilms.com                   | Seattle                | Internet entertainment - production & distribution | 86                       |
| Hawarth                         | Kent                   | Office furniture production                        | 85                       |
| Longs Drug Stores               | Kent & Seattle         | Retail sales                                       | 70                       |
| Resers Fine Foods               | Kent                   | Food production                                    | 68                       |
| AT&T Broadband                  | Kent                   | Cable network technicians                          | 68                       |
| Stars Restaurant                | Seattle                | Food & beverage                                    | 63                       |
| ETMA                            | Redmond                | Electronics manufacturing                          | 60                       |
| Xantrex                         | Kent                   | Electronics manufacturing                          | 45                       |
| TTM Technology                  | Redmond                | Electronics manufacturing                          | 40                       |
| Activate.net                    | Seattle                | Webcast operations & technicians                   | 30                       |
| Office Depot                    |                        | Retail sales                                       | 30                       |
| Winstar                         | Tukwila & Seattle      | Internet business support                          | 20                       |
| Haworth                         | Kent                   | Office furniture production                        | 189                      |
| Intel Online Service            | Seattle                | Computer technical support                         | 60                       |
| eFunds Corporation              | Bothell                | Customer service, sales & support                  | 240                      |
| Gottschalks                     | Seattle                | Retail sales                                       | 40                       |
| Webvan Group, Inc.              | Kirkland               | Customer service, sales & support                  | 189                      |
| Airborne Express                | Seattle                | Package distribution                               | 82                       |
| Associated Grocers              | Kent                   | Distribution                                       | 138                      |
| Western Cartage                 | Seattle                | Local moving & Storage                             | 35                       |
| Govt. Computer Group Inc.       | Issaquah               | Computer Support                                   | 60                       |
| United Advertising Publications | Bothell                | Advertising, Publishing & office support           | 62                       |
| MacDonald-Miller                | Seattle                | Building maintenance                               | 41                       |
| 360Networks                     | Seattle                | Computer Support                                   | 40                       |
| Great West Life Insurance       | Bellevue               | Customer service & claims adhyesters               | 51                       |
| DMC Stratex Networks            | Seattle                | Circuit board production                           | 229                      |
| Onvia.com                       | Seattle                | E-commerce & support                               | 62                       |
| Data Critical                   | Seattle & Bothell      | Wireless data systems                              | 78                       |
| 2000                            | 45 Companies/Employers |  | 7,294 Dislocated Workers |
| 2001 YTD                        | 37 Companies/Employers |  | 4,728 Dislocated Workers |

**SOURCE:** King County Reemployment Support Center

## Boeing Employees in Washington State

| 1990    | 1991     | 1992    | 1993   | 1994    |
|---------|----------|---------|--------|---------|
| 104,515 | 104,700  | 98,603  | 88,890 | 81,964  |
| 1995    | 1996     | 1997    | 1998   | 1999    |
| 71,834  | 87,769   | 103,400 | 98,440 | 80,900  |
| 2000 II | 2000 III | 2000 IV | 2000 I | 2001 II |
| 77,200  | 77,300   | 77,900  | 78,400 | 79,500  |

### NOTES:

For quarterly totals, data reflects the number of employees at the end of the quarter. Boeing employees in Washington state represent approximately 40 percent of the company's U.S.-based workforce (including contingent labor and those employed by subsidiaries).

### SOURCE:

The Boeing Company (<http://www.boeing.com>)

## Boeing Contractual Backlogs

|                                | 2000 II | 2000 III | 2000 IV | 2001 I | 2001 II |
|--------------------------------|---------|----------|---------|--------|---------|
| Commercial Airplanes           | 77.1    | 82.8     | 89.8    | 88.6   | 86.9    |
| Military Aircraft and Missiles | 18.8    | 19.1     | 17.1    | 20.4   | 19.9    |
| Space and Communications       | 9.1     | 9.2      | 13.7    | 15.1   | 14.2    |
| Total                          | 105.0   | 111.1    | 120.6   | 124.1  | 121     |

### NOTES:

Boeing contractual backlogs in billions of U.S. dollars.

### SOURCE:

The Boeing Company (<http://www.boeing.com>)

## U.S. Airlines Net Profit

| 1995  | 1996  | 1997  | 1998  | 1999  | 2000  |
|-------|-------|-------|-------|-------|-------|
| 2,314 | 2,804 | 5,168 | 4,903 | 5,360 | 2,637 |

### NOTES:

U.S. airlines net profit in millions of U.S. dollars.

ATA member airlines transport over 95 percent of all passengers and cargo traffic in the United States.

### SOURCE:

Air Transport Association *Annual Report 2000* ([www.air-transport.org](http://www.air-transport.org))

**Per Capita Disposable Personal Income: United States**  
**2000** **2001**

| II       | III      | IV       | I        | II       |
|----------|----------|----------|----------|----------|
| \$23,638 | \$23,732 | \$23,703 | \$23,871 | \$24,203 |

**Monthly Average Wage by Industry: King County**

|  | 1999    |         | 2000    |         |         |
|--|---------|---------|---------|---------|---------|
|  | III     | IV      | I       | II      | III     |
| <b>Overall Average</b>                     | \$3,844 | \$4,205 | \$2,421 | \$2,399 | \$2,785 |
| <b>Agriculture, Forestry, Fishing</b>      | \$2,385 | \$2,873 | \$3,606 | \$3,675 | \$3,716 |
| <b>Mining</b>                              | \$3,726 | \$4,497 | \$3,512 | \$3,537 | \$3,515 |
| <b>Construction</b>                        | \$3,429 | \$3,771 | \$4,721 | \$4,440 | \$4,238 |
| <b>Manufacturing</b>                       | \$4,248 | \$4,508 | \$4,552 | \$4,132 | \$3,902 |
| <b>Transportation and Public Utilities</b> | \$3,605 | \$4,348 | \$4,369 | \$4,197 | \$4,089 |
| <b>Wholesale Trade</b>                     | \$3,880 | \$4,231 | \$2,191 | \$2,091 | \$2,133 |
| <b>Retail Trade</b>                        | \$1,936 | \$2,121 | \$4,653 | \$4,178 | \$4,191 |
| <b>FIRE</b>                                | \$3,888 | \$4,148 | \$5,828 | \$4,105 | \$4,852 |
| <b>Services</b>                            | \$5,085 | \$5,655 | \$3,169 | \$3,289 | \$3,305 |
| <b>Government</b>                          | \$3,238 | \$3,314 | \$4,337 | \$3,679 | \$3,879 |

**NOTES:**

Per Capita Disposable Personal Income: Values are in 1996 dollars at seasonally adjusted annual rates. Data is from the revised National Income and Products Accounts newly benchmarked to first quarter 1997. Earlier reports using 1992 figures are not comparable.

Wages: Average of monthly wages per worker by industry. Figures are lagged six months or more due to reporting delays.

**SOURCES:**

Per Capita Disposable Income comes from the U.S. Bureau of Economic Analysis (<http://www.bea.doc.gov/bea/nipbtbl-d.html>).

Wages: *Employment and Payrolls in Washington State by County and Industry* (Washington State Employment Security).

## Construction

### City of Seattle

|                                     | 2000          |               |               | 2001          |               |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
|                                     | II            | III           | IV            | I             | II            |
| <b>Residential Construction</b>     | \$207,390,244 | \$155,362,148 | \$167,606,530 | \$159,559,639 | \$195,472,510 |
| <b>Non-Residential Construction</b> | \$290,781,087 | \$170,001,242 | \$271,588,587 | \$112,953,579 | \$245,186,180 |
| <b>Building Permits</b>             |               |               |               |               |               |
| Commercial and Industrial           | 716           | 801           | 646           | 649           | 751           |
| Existing Housing Units              | 734           | 733           | 509           | 516           | 793           |
| New Residential Permits             | 175           | 178           | 135           | 171           | 167           |
| New Residential Units               | 2,221         | 1,411         | 1,743         | 1,574         | 1,473         |

#### SOURCES:

City of Seattle Department of Construction and Land Use, *Issued Building Development Permits* (monthly reports).

Home sales figures provided by the Northwest Multiple Listing Service.

### King County

|                                       | 2000      |           |           | 2001      |           |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                       | II        | III       | IV        | I         | II        |
| <b>Home Sales: New &amp; Existing</b> |           |           |           |           |           |
| # of Sales                            | 6,255     | 6,863     | 5,501     | 4,875     | 5,542     |
| Days on Market                        | 35        | 38        | 43        | 48        | 46        |
| Average Sales Price                   | \$316,121 | \$316,969 | \$312,062 | \$309,152 | \$313,258 |
| Median Sales Price                    | \$253,958 | \$249,442 | \$250,084 | \$251,633 | \$256,633 |
| <b>Home Sales: New Construction</b>   |           |           |           |           |           |
| # of Sales                            | 726       | 750       | 681       | 805       | 867       |
| Days on Market                        | 79        | 78        | 82        | 95        | 98        |
| Average Sales Price                   | \$376,195 | \$393,089 | \$386,709 | \$370,888 | \$379,109 |
| Median Sales Price                    | \$306,790 | \$302,383 | \$304,580 | \$309,134 | \$305,319 |

## Office Market

### Downtown Seattle

|                                     | 2000       |            |            | 2001       |            |
|-------------------------------------|------------|------------|------------|------------|------------|
|                                     | II         | III        | IV         | I          | II         |
| <b>Total Square Feet</b>            | 28,828,492 | 30,158,092 | 30,893,103 | 32,115,309 | 32,226,593 |
| <b>No. of Buildings</b>             | 226        | 232        | 235        | 248        | 250        |
| <b>Vacant Square Feet</b>           | 291,168    | 376,976    | 1,340,761  | 1,146,517  | 3,090,530  |
| <b>Vacancy Rates</b>                | 1.0%       | 1.3%       | 4.3%       | 6.0%       | 9.6%       |
| <b>Under Construction (sq. ft.)</b> | 3,290,950  | 2,386,078  | 2,882,498  | 2,038,945  | 2,322,959  |
| <b>Absorption (sq. ft.)</b>         | 360,676    | 1,191,599  | -446,054   | 577,242    | -1,113,176 |

#### Average Lease Rate (per sq.ft.)

|         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|
| Class A | \$35.54 | \$38.68 | \$39.09 | \$37.37 | \$33.72 |
|---------|---------|---------|---------|---------|---------|

#### Vacancy Rate

|         |      |      |       |       |       |
|---------|------|------|-------|-------|-------|
| Class A | 0.5% | 0.9% | 3.6%  | 5.6%  | 8.6%  |
| Class B | 2.8% | 3.5% | 3.4%  | 4.9%  | 8.8%  |
| Class C | 1.1% | 1.6% | 12.3% | 11.8% | 19.6% |

#### NOTES:

"Downtown Seattle" consists of the Canal, CBD, Denny Regrade, Lake Union, Lower Queen Anne, Pioneer Square and Waterfront. The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*



### North King County

|                                     | 2000      |           |           | 2001      |           |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                     | II        | III       | IV        | I         | II        |
| <b>Total Square Feet</b>            | 1,031,305 | 1,181,375 | 1,121,975 | 1,121,975 | 1,121,975 |
| <b>No. of Buildings</b>             | -         | -         | -         | -         | -         |
| <b>Vacant Square Feet</b>           | 25,061    | 9,924     | 14,922    | 29,845    | 51,274    |
| <b>Vacancy Rates</b>                | 2.4%      | 0.8%      | 1.3%      | 2.7%      | 4.6%      |
| <b>Under Construction (sq. ft.)</b> | 97,972    | 97,972    | 76,972    | 76,972    | 76,972    |
| <b>Absorption (sq. ft.)</b>         | 12,892    | 165,195   | -4,387    | -14,995   | -21,349   |
| <b>Ave. Class A Lease Rate</b>      | \$23.88   | \$23.50   | \$24.75   | \$25.19   | \$25.07   |

### South King County

|                                     | 2000      |           |           | 2001      |           |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                     | II        | III       | IV        | I         | II        |
| <b>Total Square Feet</b>            | 7,476,563 | 7,940,060 | 8,062,272 | 8,258,539 | 8,311,782 |
| <b>Vacant Square Feet</b>           | 868,029   | 983,773   | 861,051   | 967,901   | 886,867   |
| <b>Vacancy Rates</b>                | 11.6%     | 12.4%     | 10.7%     | 11.7%     | 10.7%     |
| <b>Under Construction (sq. ft.)</b> | 0         | 240,000   | 291,168   | 326,168   | 336,838   |
| <b>Absorption (sq. ft.)</b>         | -345,004  | 347,744   | 264,058   | 72,629    | 27,149    |
| <b>Ave. Class A Lease Rate</b>      | \$22.09   | \$21.19   | \$22.35   | \$22.44   | \$22.25   |

#### NOTES:

"North King County" consists of the area north of the Ship Canal up to the King County line.

"South King County" consists of the area south of the Kingdome to the King County line, excluding Federal Way.

The absorption rate is the change in amount of leased space. A negative figure means more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Office Market

### Bellevue/Eastside

|  | 2000       |            |            | 2001       |            |
|--|------------|------------|------------|------------|------------|
|  | II         | III        | IV         | I          | II         |
| <b>Total Square Feet</b>               | 20,978,237 | 21,043,099 | 21,738,499 | 23,288,279 | 24,482,923 |
| <b>No. of Buildings</b>                | 346        | 342        | 349        | 362        | 369        |
| <b>Vacant Square Feet</b>              | 144,750    | 162,032    | 843,454    | 1,197,018  | 2,284,257  |
| <b>Vacancy Rates</b>                   | 0.7%       | 0.8%       | 3.9%       | 5.1%       | 9.3%       |
| <b>Under Construction (sq. ft.)</b>    | 3,424,391  | 4,459,961  | 4,287,561  | 2,456,774  | 1,708,189  |
| <b>Absorption (sq. ft.)</b>            | 1,328,570  | 50,861     | -5,617     | 1,196,263  | -323,890   |
| <b>Average Lease Rate (per sq.ft.)</b> |            |            |            |            |            |
| Class A                                | \$31.73    | \$28.53    | \$31.06    | \$30.82    | \$29.80    |
| <b>Vacancy Rate</b>                    |            |            |            |            |            |
| Class A                                | 0.5%       | 0.6%       | 3.7%       | 5.2%       | 9.9%       |
| Class B                                | 1.5%       | 1.5%       | 4.9%       | 5.2%       | 7.1%       |
| Class C                                | 0.1%       | 0.4%       | 1.1%       | 3.3%       | 7.5%       |

**NOTES:**

"Bellevue/Eastside" consists of all of King County directly east of Lake Washington, plus that portion of Bothell extending into Snohomish County.

The absorption rate is the change in amount of leased space. A negative figure indicates more space came onto the market than was absorbed by new leases. CB Richard Ellis calculates absorption on a building by building basis.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

| Seattle                              |            |            |            |            |            |
|--------------------------------------|------------|------------|------------|------------|------------|
|                                      | 2000       |            |            | 2001       |            |
|                                      | II         | III        | IV         | I          | II         |
| <b>Total Square Footage</b>          | 70,789,899 | 70,654,233 | 70,658,396 | 70,137,979 | 68,658,399 |
| Industrial                           | 69,668,790 | 69,805,046 | 69,884,492 | 69,364,075 | 68,366,319 |
| High-Tech                            | 1,121,109  | 849,187    | 773,904    | 773,904    | 292,080    |
| <b>Vacancy Rate</b>                  | 3.3%       | 3.1%       | 2.8%       | 3.0%       | 2.6%       |
| Industrial                           | 3.3%       | 3.2%       | 2.8%       | 3.1%       | 2.6%       |
| High-Tech                            | 0.2%       | 0.6%       | 0.8%       | 0.7%       | 1.0%       |
| <b>Total Vacant (sq. ft.)</b>        | 2,314,798  | 2,217,915  | 1,984,155  | 2,127,803  | 1,766,772  |
| Industrial                           | 2,313,004  | 2,212,820  | 1,977,731  | 2,122,541  | 1,763,851  |
| High-Tech                            | 1,794      | 5,095      | 6,423      | 5,263      | 2,921      |
| <b>Lease Rates (per sq. ft./mo.)</b> |            |            |            |            |            |
| Industrial                           | \$0.45     | \$0.45     | \$0.55     | \$0.55     | \$0.60     |
| High-Tech                            | \$0.85     | \$0.85     | \$0.85     | \$0.85     | \$0.85     |
| <b>Absorption (sq. ft.)</b>          | -884,249   | 360,341    | 613,922    | 160,483    | 191,195    |

**NOTES:**

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Seattle" extends from the King/Snohomish line south to Tukwila.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Kent Valley

|                                      | 2000       |            |            | 2001       |            |
|--------------------------------------|------------|------------|------------|------------|------------|
|                                      | II         | III        | IV         | I          | II         |
| <b>Total Square Footage</b>          | 87,845,764 | 88,757,625 | 88,746,576 | 90,263,823 | 90,530,559 |
| Industrial                           | 86,085,950 | 86,867,889 | 86,856,840 | 88,374,087 | 88,640,823 |
| High-Tech                            | 1,759,814  | 1,889,736  | 1,889,736  | 1,889,736  | 1,889,736  |
| <b>Vacancy Rate</b>                  | 2.7%       | 2.5%       | 1.7%       | 4.0%       | 4.3%       |
| Industrial                           | 2.5%       | 2.5%       | 1.7%       | 4.1%       | 4.4%       |
| High-Tech                            | 11.5%      | 2.1%       | 2.3%       | 2.1%       | 1.5%       |
| <b>Total Vacant (sq. ft.)</b>        | 2,354,175  | 2,185,699  | 1,529,472  | 3,627,483  | 3,919,111  |
| Industrial                           | 2,152,149  | 2,145,637  | 1,485,252  | 3,587,988  | 3,891,332  |
| High-Tech                            | 202,027    | 40,062     | 44,220     | 39,495     | 27,779     |
| <b>Lease Rates (per sq. ft./mo.)</b> |            |            |            |            |            |
| Industrial                           | \$0.35     | \$0.35     | \$0.35     | \$0.35     | \$0.35     |
| High-Tech                            | \$0.95     | \$0.95     | \$0.95     | \$0.95     | \$0.95     |
| <b>Absorption (sq. ft.)</b>          | 2,852,798  | 828,003    | 666,108    | -123,653   | -146,612   |

### NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Kent Valley" is defined as Tukwila, Renton, Kent, Auburn and SeaTac.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

# Eastside

|                                      | 2000       |            |            | 2001       |            |
|--------------------------------------|------------|------------|------------|------------|------------|
|                                      | II         | III        | IV         | I          | II         |
| <b>Total Square Footage</b>          | 20,676,427 | 20,745,452 | 20,775,452 | 20,775,452 | 20,852,546 |
| Industrial                           | 16,023,596 | 16,038,621 | 16,068,621 | 16,068,621 | 16,138,397 |
| High-Tech                            | 4,652,831  | 4,706,831  | 4,706,831  | 4,706,831  | 4,714,149  |
| <b>Vacancy Rate</b>                  | 2.5%       | 3.4%       | 2.4%       | 5.4%       | 5.5%       |
| Industrial                           | 2.6%       | 3.8%       | 2.6%       | 5.6%       | 5.7%       |
| High-Tech                            | 2.3%       | 2.0%       | 1.7%       | 4.5%       | 4.6%       |
| <b>Total Vacant (sq. ft.)</b>        | 523,163    | 702,942    | 503,092    | 1,110,904  | 1,143,195  |
| Industrial                           | 416,613    | 607,864    | 422,605    | 901,450    | 926,344    |
| High-Tech                            | 106,550    | 95,078     | 80,487     | 209,454    | 216,851    |
| <b>Lease Rates (per sq. ft./mo.)</b> |            |            |            |            |            |
| Industrial                           | \$0.60     | \$0.60     | \$0.60     | \$0.60     | \$0.60     |
| High-Tech                            | \$1.30     | \$1.30     | \$1.30     | \$1.30     | \$1.30     |
| <b>Absorption (sq. ft.)</b>          | 425,726    | -109,932   | 228,767    | -607,828   | 4,143      |

## NOTES:

Beginning with the second quarter of 1999, the elimination of a number of buildings under 10,000 square feet, and other technical adjustments, reduced the size of the tracked inventory. Net absorption figures have been adjusted for these changes.

High Tech: Industrial buildings with a mix of research and development uses. They stand three stories or less, off 25% to 75% office uses and parking ratios of 2.5:1 or greater.

Industrial: Warehouse, distribution, and manufacturing buildings with less than a 25% office buildout.

"Eastside" consists of the east side of Lake Washington, King/Snohomish County Line south to Renton City Limits.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Retail Market

### Puget Sound Region

|                            | 1999       |             | 2000       |             | 2001       |
|----------------------------|------------|-------------|------------|-------------|------------|
|                            | First Half | Second Half | First Half | Second Half | First Half |
| Total Rentable Sq. Footage | 60,597,201 | 61,220,255  | 58,612,098 | 31,993,308  | 32,333,318 |
| Total Vacant               | 3,387,384  | 3,336,504   | 2,075,247  | 857,421     | 911,800    |
| Vacancy Rates              | 5.6%       | 5.5%        | 3.5%       | 2.7%        | 2.82%      |
| Absorption (sf)            | 561,033    | 72,711      | 1,773,500  | 592,865     | -84,782    |

Puget Sound consists of the downtown Seattle, Northend, Southend, and Eastside markets.

### Downtown Seattle

|                        | 1999       |             | 2000       |             | 2001       |
|------------------------|------------|-------------|------------|-------------|------------|
|                        | First Half | Second Half | First Half | Second Half | First Half |
| Total Rentable Sq. Ft. | 4,558,469  | 4,816,804   | 5,462,959  | 1,889,290   | 1,864,290  |
| Total Vacant           | 131,740    | 148,839     | 87,407     | 29,095      | 31,693     |
| Vacancy Rates          | 2.9%       | 3.1%        | 1.6%       | 1.5%        | 1.7%       |
| Rental Rates           | \$26.29    | \$38.31     | \$34.07    | \$33.12     | \$35.74    |
| Absorption (sf)        | 8,243      | 64,233      | 754,254    | -304        | -47,653    |

The Ship Canal south to the West Seattle Bridge including the Central Business District, Denny Regrade.

Lower Queen Anne, Pioneer Square, West Lake Union, Capitol Hill and the Central District.

### Northend

|                        | 1999       |             | 2000       |             | 2001       |
|------------------------|------------|-------------|------------|-------------|------------|
|                        | First Half | Second Half | First Half | Second Half | First Half |
| Total Rentable Sq. Ft. | 15,803,346 | 15,847,347  | 12,934,821 | 7,884,471   | 7,884,471  |
| Total Vacant           | 933,978    | 1,044,340   | 433,317    | 199,477     | 268,072    |
| Vacancy Rates          | 5.9%       | 6.6%        | 3.4%       | 2.5%        | 3.4%       |
| Rental Rates           | \$11.19    | \$16.03     | \$17.61    | \$23.68     | \$24.52    |
| Absorption (sf)        | 12,752     | 51,709      | 558,742    | 384,143     | -69,048    |

Northend is defined as North Seattle from Ship Canal up through Snohomish and Northern Counties.

### Southend

|                        | 1999       |             | 2000       |             | 2001       |
|------------------------|------------|-------------|------------|-------------|------------|
|                        | First Half | Second Half | First Half | Second Half | First Half |
| Total Rentable Sq. Ft. | 27,894,915 | 28,293,688  | 27,313,703 | 14,064,127  | 13,954,127 |
| Total Vacant           | 1,860,591  | 1,621,228   | 1,188,146  | 443,020     | 470,254    |
| Vacancy Rates          | 6.7%       | 5.7%        | 4.4%       | 3.2%        | 3.4%       |
| Rental Rates           | \$15.07    | \$19.07     | \$15.60    | \$18.15     | \$18.16    |
| Absorption (sf)        | 265,823    | 98,239      | 11,230     | 196,318     | -27,453    |

"Southend" is South Seattle through Pierce and Thurston Counties.

### Bellevue/Eastside

|                        | 1999       |             | 2000       |             | 2001       |
|------------------------|------------|-------------|------------|-------------|------------|
|                        | First Half | Second Half | First Half | Second Half | First Half |
| Total Rentable Sq. Ft. | 12,340,471 | 12,262,416  | 12,900,615 | 8,155,420   | 8,630,430  |
| Total Vacant           | 457,831    | 521,153     | 366,377    | 185,944     | 146,717    |
| Vacancy Rates          | 3.7%       | 4.3%        | 2.8%       | 2.3%        | 1.7%       |
| Rental Rates           | \$19.92    | \$21.21     | \$22.50    | \$23.97     | \$26.85    |
| Absorption (sf)        | 274,215    | -141,470    | 449,274    | 12,708      | 59,372     |

All of King County east of Lake Washington, including Bellevue, Kirkland, Redmond, Issaquah, Bothell and Mercer Island

**NOTES:** As of Second Half 2000, CB Richard Ellis no longer tracks Freestanding or Strip/Speciality Centers in the region and has reduced the number of buildings in other categories to reflect a more accurate market sample. As a result, Second Half 2000 figures are not strictly comparable to earlier data.

**SOURCE:** CB Richard Ellis *Quarterly Market Reports*

## Apartment Vacancy Rates

|                                  | 1999        |             | 2000        |             | 2001        |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                  | First Half  | Second Half | First Half  | Second Half | First Half  |
| <b>Seattle/North King County</b> | <b>2.3%</b> | <b>3.4%</b> | <b>2.2%</b> | <b>3.1%</b> | <b>3.1%</b> |
| Capitol Hill/Eastlake            | 1.1%        | 0.5%        | 0.0%        | -           | -           |
| Central District                 | 2.2%        | 5.3%        | 0.0%        | -           | -           |
| Downtown/First Hill              | 2.2%        | 3.7%        | 2.7%        | 2.5%        | 2.5%        |
| Magnolia/Queen Anne              | 2.5%        | 4.2%        | 2.4%        | -           | -           |
| North Seattle                    | 1.1%        | 3.0%        | 1.2%        | 2.4%        | 2.1%        |
| Sandpoint                        | 1.8%        | 2.6%        | 0.0%        | -           | -           |
| South Seattle                    | 3.2%        | -           | -           | -           | -           |
| University District              | 2.7%        | 1.5%        | 0.8%        | -           | -           |
| West Seattle                     | 3.2%        | 3.2%        | 1.5%        | 3.7%        | 3.7%        |
| <b>South King County</b>         | <b>3.0%</b> | <b>3.6%</b> | <b>1.9%</b> | <b>3.0%</b> | <b>3.1%</b> |
| Auburn                           | 4.4%        | 4.7%        | 1.7%        | 2.8%        | 2.8%        |
| Burien/Des Moines                | 3.0%        | 1.9%        | 2.9%        | 2.7%        | 2.2%        |
| Federal Way                      | 3.2%        | 6.2%        | 1.9%        | 3.0%        | 3.3%        |
| Kent                             | 2.1%        | 3.4%        | 1.8%        | 2.7%        | 3.1%        |
| Renton                           | 3.5%        | 2.4%        | 2.0%        | 4.3%        | 3.7%        |
| Sea-Tac/Tukwila                  | 3.0%        | 3.4%        | 1.6%        | 2.3%        | 2.1%        |
| <b>East King County</b>          | <b>2.7%</b> | <b>5.2%</b> | <b>2.3%</b> | <b>4.4%</b> | <b>4.1%</b> |
| Bellevue                         | 2.4%        | 5.6%        | 2.5%        | 4.6%        | 3.9%        |
| Bothell/Woodinville              | 2.8%        | 4.8%        | 4.4%        | 4.9%        | 4.7%        |
| Issaquah/North Bend              | 3.1%        | 3.8%        | 2.0%        | 4.6%        | 5.2%        |
| Kirkland                         | 3.8%        | 3.4%        | 1.0%        | 4.4%        | 3.0%        |
| Redmond                          | 2.1%        | 6.1%        | 1.3%        | 4.6%        | 4.1%        |
| <b>Snohomish County</b>          | <b>3.8%</b> | <b>4.2%</b> | <b>3.2%</b> | <b>4.5%</b> | <b>4.7%</b> |
| Edmonds                          | 2.4%        | 1.9%        | 2.6%        | 5.2%        | 5.2%        |
| Everett                          | 2.9%        | 5.3%        | 4.1%        | 6.3%        | 7.0%        |
| Lynnwood                         | 2.8%        | 3.9%        | 2.2%        | 3.4%        | 3.4%        |
| Marysville                       | 7.7%        | 6.3%        | 1.7%        | -           | -           |
| Mountlake Terrace                | 4.1%        | 3.2%        | 2.0%        | 2.4%        | 5.2%        |
| <b>Pierce County</b>             | <b>3.2%</b> | <b>5.1%</b> | <b>4.1%</b> | <b>3.7%</b> | <b>3.6%</b> |
| Fircrest                         | 3.6%        | 3.5%        | 3.2%        | 2.5%        | 1.9%        |
| Gig Harbor                       | 4.5%        | 8.5%        | 0.6%        | 5.4%        | -           |
| Lakewood                         | 3.3%        | 4.9%        | 3.3%        | 4.3%        | 3.9%        |
| Puyallup                         | 3.3%        | 4.8%        | 5.6%        | 5.2%        | 5.1%        |
| Tacoma                           | 2.7%        | 6.1%        | 3.4%        | 2.4%        | 2.5%        |

SOURCE: CB Richard Ellis *Quarterly Market Reports*

## Sources for Quarterly Economic Measures

AIR TRANSPORT ASSOCIATION is the source for airline industry profits. Their World Wide Web address is <http://www.air-transport.org/>.

BOEING is the source for Boeing employment and for their backlog of airplane orders. Their World Wide Web address is <http://www.boeing.com/>.

CB RICHARD ELLIS provides quarterly reports on the office and industrial real estate markets. Retail and apartment markets are profiled twice yearly.

CITY OF SEATTLE DEPARTMENT OF DESIGN, CONSTRUCTION AND LAND USE now posts its monthly *Issued Building Development Permits* report on the web at <http://www.ci.seattle.wa.us/dclu/Research/PermitStats/ibdpindx.htm>.

FEDERAL HOUSING FINANCE BOARD is the source for the national new home mortgage yield. Their web address is <http://www.fhfb.gov/mirs.htm>. FREDDIE MAC also provides mortgage rate data in its monthly *Primary Mortgage Market Survey* at <http://www.freddiemac.com/pmms/>.

FEDERAL RESERVE is the source for interest rates, as well as industrial production and capacity utilization figures. Their World Wide Web address is <http://www.bog.frb.fed.us/releases/H15/>.

KING COUNTY REEMPLOYMENT SUPPORT CENTER is a core program of the Worker Center and is the source for worker dislocation statistics.

PORT OF SEATTLE is the source for data on air and waterborne freight shipments and passenger traffic.

*QUARTERLY BUSINESS REVIEW* is published by the Washington State Department of Revenue. It lists the amount of taxable retail sales by industry by county. The data has a lag of around six months.

SEATTLE CITY LIGHT tabulates electrical sales in its monthly revenue report.

SEATTLE DEPARTMENT OF REVENUE is the source for new business licenses issued.

SEATTLE-KING COUNTY CONVENTION AND VISITORS BUREAU provides monthly updates on convention activity locally.

U.S. BANKRUPTCY COURT tracks the number and type of bankruptcies in Western Washington.

U.S. BUREAU OF ECONOMIC ANALYSIS is the source for many of the national economic measures. Their web site is <http://www.bea.doc.gov>.

U.S. CENSUS BUREAU is the source for manufacturers' new orders and non-defense capital goods orders. Their web site is <http://www.census.gov/indicator/www/table5p.txt>.

WASHINGTON STATE DEPARTMENT OF REVENUE publishes *Local Sales and Use Tax Distributions* every two months on the web at <http://dor.wa.gov/>.

WASHINGTON STATE EMPLOYMENT SECURITY publishes *Labor Area Summaries* and *Employment and Payrolls*, which provide data on employment and unemployment, as well as information on wages and prices.